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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER

Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA

Division Director

November 18, 2015

CERTIFIED RETURN RECEIPT

7014 2870 0001 4231 9166

Kay Jean Mathews
Red Warrior Rock, Inc.
P.O. Box 898
St. George, Utah 84771

Subject: Review of Reclamation Surety, Red Warrior Rock, Inc., Red Warrior Limestone Mine, S/53/0012, Washington County, Utah

Dear Ms. Mathews:

The last reclamation cost estimate for the Red Warrior mine was done in 2010 and escalated to 2015 dollars. The surety amount needs to be adjusted to account for changes in reclamation costs.

Based on average reclamation costs, the surety amount needs to be increased from \$18,000 to \$23,000 or \$23,500 for a three-year or five-year escalation, respectively. The average reclamation costs are outlined below:

<i>Small Mine Operation (1-5 acres) Bond Calculation Worksheet</i>			
<i>Red Warrior Limestone mine S/053/0012</i>			
<i>3-year escalation (2018)</i>			
<u>Item</u>	<u>Qty</u>	<u>Unit Cost</u>	<u>Total Cost</u>
1st Acre Disturbance	1	\$8,000.00	\$8,000.00
Add'l Acres Disturbance	3	\$5,000.00	\$15,000.00
TOTAL	4		\$23,000.00
<i>5-year escalation (2020)</i>			
<u>Item</u>	<u>Qty</u>	<u>Unit Cost</u>	<u>Total Cost</u>
1st Acre Disturbance	1	\$8,200.00	\$8,200.00
Add'l Acres Disturbance	3	\$5,100.00	\$15,300.00
TOTAL	4		\$23,500.00



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S/53/0012
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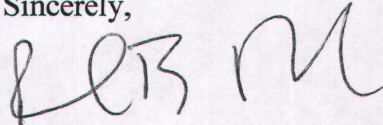
Please contact the minerals program bond coordinator, Penny Berry, at 801-538-5291 or by email at pennyberry@utah.gov for information about submitting the additional surety. Your current surety is in the form of a letter of credit with Village Bank. You may submit an amended letter of credit, or you may submit cash, a certificate of deposit, or a surety bond for either the increased or the full amount. Bonding forms are available on the Internet at <http://www.ogm.utah.gov/minerals/MINERALSFORMS.htm>.

As an alternative to increasing the surety amount, the reclamation liability can be decreased by reclaiming a portion of the site and amending the Notice of Intention to Commence Small Mining Operations to show the decreased acreage. If you decide to pursue this option, please contact the lead inspector, Lynn Kunzler, at 801-538-5310. The Division of Oil, Gas and Mining would need to continue to hold adequate surety for the reclaimed area while vegetation is becoming established.

Please provide the additional surety or perform the reclamation no later than January 22, 2016.

Thank you for your help in keeping the surety current. Please contact the permit lead for this mine, Lynn Kunzler, at 801-538-5310 if you have questions concerning this requirement.

Sincerely,

A handwritten signature in black ink, appearing to read 'PBB' followed by a stylized 'M'.

Paul B. Baker
Mining Program Manager

PBB: mb: eb
cc: John Blake, SITLA (jblake@utah.gov)
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